



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

August 17, 2001

Jerry Holliday  
Holliday Construction, Inc.  
700 East Brown Canyon Road  
P.O. Box 502  
Blanding, Utah 84511

Re: Final Approval of Notice of Intention to Commence Large Mining Operations, Holliday Construction, Inc., Lime Ridge Mine, M/037/081 (ML-45960), San Juan County, Utah

Dear Mr. Holliday:

On August 17, 2001, the Associate Director of Mining formally approved the form and amount of reclamation surety for Holliday Construction, Inc.'s Lime Ridge mine. The Division's reclamation surety estimate for this operation is \$50,600. Holliday Construction, Inc. has posted reclamation surety in the amount of \$57,788.67 in the form of two Certificate of Deposit (CD's); one issued by Zions Bank #566-800050-7 in the amount of \$22,168.50, and the other with Wells Fargo Bank #2013968896 in the amount of \$35,620.17.

*The Division hereby grants final approval of your large mining notice of intention and the reclamation surety for the Lime Ridge Mine.* You may proceed with mining operations as outlined in your large mining notice of intention. Please be advised that you must also acquire formal approval from the School and Institutional Trust Lands Administration (SITLA) before beginning mining operation.

Enclosed please find copies of the fully signed and executed Reclamation Contract and surety forms for your files. Thank you for your help and patience in finalizing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

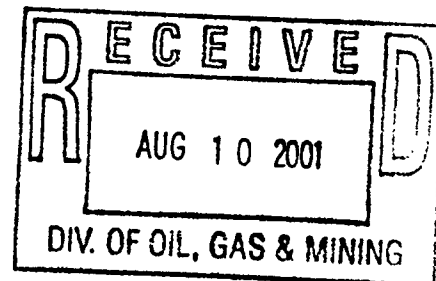
jb

Enclosures: completed MR-RC, copies of Certificates of Deposit

cc: John Blake, SITLA w/Encl

M37-81-apv.doc

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940



**RECLAMATION CONTRACT**  
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/037/081</u>
(Mineral Mined)	<u>Limestone</u>
"MINE LOCATION":	
(Name of Mine)	<u>Lime Ridge</u>
(Description)	<u>11 miles west of Bluff, Utah</u>
	<u> </u>
	<u> </u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>11.5</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Holliday Construction, Inc.</u>
(Address)	<u>700 East Brown Canyon Road</u>
	<u>P.O. Box 502</u>
	<u>Blanding, Utah 84511</u>
(Phone)	<u>(435) 678-2028</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

Travis L. Bowen, P.C.

(Address)

175 South West Temple, Suite 710  
Salt Lake City, UT 84147

(Phone)

(801) 364-0123

"OPERATOR'S OFFICER(S)":

Jerry Holliday, President

Taylor Holliday, Vice President

Jason Holliday, Secretary

"SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit - 2 each

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Wells Fargo Bank -

- \$35,620.17

Zions Bank -

\$22,168.50

"SURETY AMOUNT":

(Escalated Dollars)

\$50,600.50

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Holliday Construction, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/081 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated November 1, 1999, and the original Reclamation Plan dated November 1, 1999. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Holliday Construction, Inc.  
Operator Name

By Jerry Holliday  
Authorized Officer (Typed or Printed)

President  
Authorized Officer - Position

Jerry Holliday  
Officer's Signature

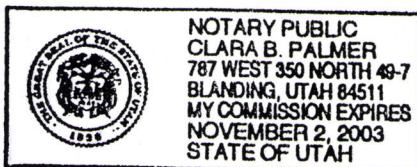
8-6-01  
Date

STATE OF Utah )  
 ) SS:  
COUNTY OF San Juan )

On the 6 day of August, 20 01, Jerry Holliday  
personally appeared before me, who being by me duly sworn did say that he/she is the  
President of Holliday Construction, Inc. and duly  
acknowledged that said instrument was signed on behalf of said company by authority  
of its bylaws or a resolution of its board of directors and said Jerry Holliday  
duly acknowledged to me that said company executed the same.

Clara B. Palmer  
Notary Public  
Residing at Blanding, Utah  
11-2-2003

My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By

Mary Ann Wright  
Mary Ann Wright, Associate Director

Date

8/17/2001

STATE OF Utah)

) ss:

COUNTY OF Salt Lake)

On the 17<sup>th</sup> day of August, 2001, Mary Ann Wright personally appeared before me, who being duly sworn did say that she, the said Mary Ann Wright is the Associate Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that she executed the foregoing document by authority of law on behalf of the State of Utah.

Joelle Burns

Notary Public

Residing at: Salt Lake

April 4, 2005  
My Commission Expires:



## ATTACHMENT "A"

Holliday Construction, Inc.

Operator

Lime Ridge

Mine Name

M/037/081

Permit Number

San Juan

County, Utah

### LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

**The detailed legal description of lands to be disturbed is:**

Approximately 11.5 acres within

NW1/4 NW1/4, Section 16, Township 41 South, Range 20 East, SLBM

Land leased from State of Utah, ML-45960





# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

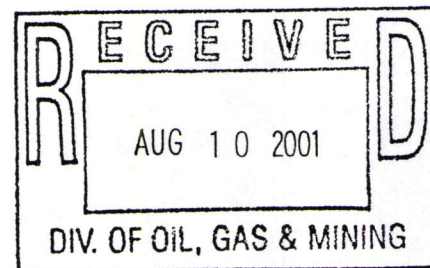
Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

July 27, 2001

Wells Fargo Bank  
55 South Blanding  
Blanding, Utah 84511



Attention: Kelvin Balch, Branch Manager

Re: Reclamation Surety, Certificate of Deposit for Holliday Construction, Inc., Lime Ridge Mine Site,  
M/037/081, San Juan County, Utah, Certificate of Deposit No Principal Amount  
\$35,620.17

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for Holliday Construction, Inc.'s, Lime Ridge Mine, located in San Juan County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$35,620.17 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with state law and regulations (Title 40-8-14(7), and Rules R647-4-114 & R647-5-101).

#### Ownership and Renewal:

Ownership of the CD is retained by Holliday Construction, Inc. a Utah corporation, ("Owners"), but it is held by Bank *for the benefit of* the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

#### Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owner(s) agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owner(s), shall have the authority to

prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owner(s) do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

**Release:**

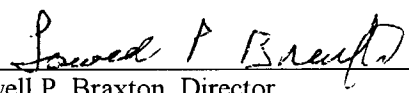
The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

**Accrued Interest:**

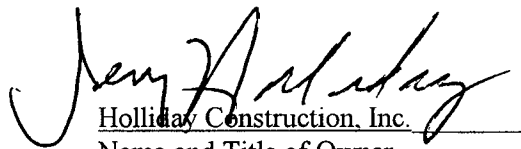
Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$35,620.17. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:

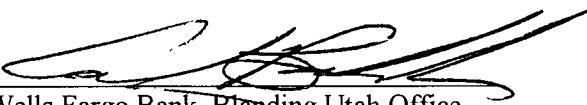
  
\_\_\_\_\_  
Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining  
Tax ID Number: \_\_\_\_\_

Date: 7/30/01

  
\_\_\_\_\_  
Holaday Construction, Inc.  
Name and Title of Owner  
Tax ID Number: \_\_\_\_\_

Date: 8-6-01

Agreed to:

  
\_\_\_\_\_  
Wells Fargo Bank, Blanding Utah Office  
Kelvin Balch, Branch Manager

Date: 8-6-01

**WELLS  
FARGO**

2013968896

## Bank name

Wells Fargo Bank Northwest, N.A.

## Time Account number

## Date opened

07/27/2001

## Term of Time Account

36 months days

## Maturity date

Your Time Account will mature on

07/27/2004

## Interest rate

4.40

## Fixed rate

X

## Variable rate

## Annual percentage yield

4.50

## Interest will be paid

EVERY 0 MONTHS AND AT WITHDRAWAL

## The method of interest payment will be

BY ADDING TO PRINCIPAL

## Renewability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT  
AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

THIRTY FIVE THOUSAND SIX HUNDRED TWENTY AND 17/100

\$ \*\*, \$35,620.17

## Your name and address

JERRY HOLLIDAY CONSTRUCTION INC FBO UT STATE DIV OF OIL GAS & MINING  
LIME RIDGE MINE PERMIT M/037/081  
PO BOX 145801  
SALT LAKE CITY UT 84114

07/27/2001 12:34

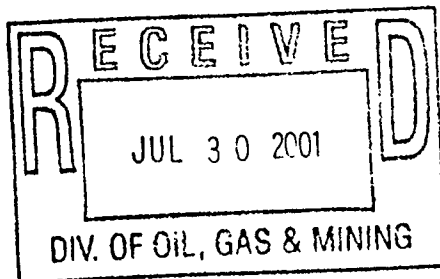
## PROMOTION

U6810 02768 Bank# 0119

This is a receipt. It need not be presented at the time you obtain payment from the Bank and, therefore, it is not evidence of an ongoing deposit relationship.

(5-99-8154-J)

38A13





State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

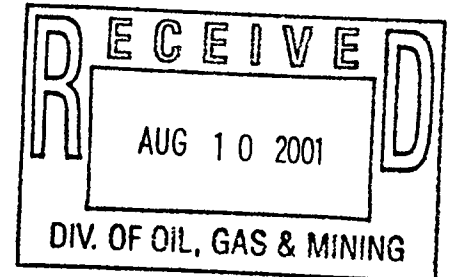
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801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

July 27, 2001

Zions Bank  
111 East Center  
Blanding, Utah 84511



Attention: Dan Johnson, Branch Manager

Re: Reclamation Surety, Certificate of Deposit for Holliday Construction, Inc., Lime Ridge Mine Site,  
M/037/081, San Juan County, Utah, Certificate of Deposit No. \_\_\_\_\_ ? Principal Amount  
\$22,168.50.

This letter describes the mutually agreed upon instructions of the below signed parties to Zions Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for Holliday Construction, Inc.'s, Lime Ridge Mine, located in San Juan County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$22,168.50 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with state law and regulations (Title 40-8-14(7), and Rules R647-4-114 & R647-5-101)

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**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owner(s) agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owner(s), shall have the authority to

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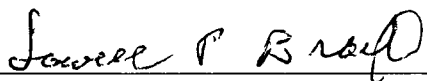
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**Accrued Interest:**

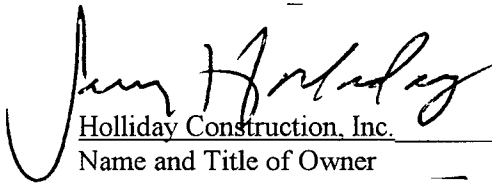
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**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:

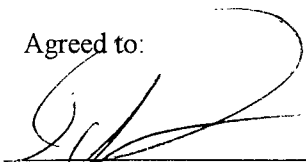
  
\_\_\_\_\_  
Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining  
Tax ID Number: \_\_\_\_\_

Date: 7/30/01

  
\_\_\_\_\_  
Holliday Construction, Inc.  
Name and Title of Owner \_\_\_\_\_  
Tax ID Number: \_\_\_\_\_

Date: 8-6-01

Agreed to:

  
\_\_\_\_\_  
Zions Bank, Blanding Utah Office  
Dan Johnson, Branch Manager

Date: 8-6-01

# ZIONS BANK

## TIME DEPOSIT CONFIRMATION

Account Number: \_\_\_\_\_

Date: 5-27-94

Ownership: Jerry Holliday Construction Inc.

FBO Utah State Division of Oil, Gas & Mining  
(Lime Ridge Mine) M/37/081

Purchase Amount: 22,168.50

Interest Rate: \_\_\_\_\_

Annual Percentage Yield: 04.50

Maturity Date 11-03-01

☐ Months ☒ Days

Interest Payment Frequency: ☐ At Maturity ☐ Annually ☒ Quarterly ☐ Monthly

Interest Payment Method: ☒ Add to Deposit ☐ Issue Check ☐ Transfer to Account Number: \_\_\_\_\_

☐ Checking/MMDA ☒ Savings

Zions Bank Representative Signature: \_\_\_\_\_

*Sandra Meyer*

This confirmation is not negotiable. This confirmation is not transferable except on the records of Zions Bank. The Certificate of Deposit is issued in accordance with Zions Bank Rules and Regulations.

Attn: Wayne Hedberg

801-359-3940

RECEIVED

MAY 15 2001

DIVISION OF  
OIL, GAS AND MINING

205-0019 12/94